



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing the City Manager and Treasurer to Execute All Agreements Necessary to Award Contracts to Bank of the West for General Banking Services and to Bank of America for Lockbox Services

MEETING DATE: May 18, 2011

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt resolution authorizing the City Manager and Treasurer to execute all agreements necessary to award contracts to Bank of the West for General Banking Services and to Bank of America for Lockbox Services.

BACKGROUND INFORMATION: The City of Lodi has received banking services from a local banking institution, Farmers and Merchants Bank, for an extended period of time. While services have been adequate, the City desired to formalize the banking relationship in terms of a banking services agreement. City and bank staff attempted for approximately one year to obtain a banking services agreement, but were unable to develop an agreement that was satisfactory to both parties.

On February 3, 2011, the City issued a Request for Proposals for General Banking Services (RFP). The RFP was segregated into Mandatory Services and Optional Services. Mandatory Services represent the basic banking services that the City needs to operate (deposit services, checking, wire transfers, payroll and accounts for general liability, workers compensation and PCE/TCE clean-up). Optional Services include lockbox services, remote deposit capture, overnight sweep account, debit/credit card processing and a line of credit.

The City currently receives all of the Mandatory Services along with the Optional Services of Debit/Credit Card Processing and Line of Credit through Farmers and Merchants Bank, or through a third party in conjunction with the bank. Costs for these services for the year ended October 2010 totaled \$99,958. Extrapolating these costs over the next five years would yield a cost of \$499,750.

The City does not currently utilize an external lockbox, remote deposit capture services, or an overnight sweep account. All of the services proposed in the RFP are discussed separately below.

Mandatory Services are a package of services that will be awarded to a single vendor. The City can choose to award Optional Services to the same vendor as the Mandatory Services, to another vendor on an individual service basis, or could choose to not award the services.

APPROVED: _____


Konradt Bartlam, City Manager

The City received proposals from a total of seven vendors, five of whom provided proposals on Mandatory Services. Proposals were reviewed by a panel of five City staff. The results of the aggregate ratings are shown in the table below.

Ranking of Proposals

	Bank of America	Bank of Agriculture and Commerce	Bank of the West	Farmers and Merchants Bank	JP Morgan/ Chase	Process Pink	RT Lawrence
Mandatory Services	4	5	1	3	2		
Lockbox	3	4	2		5		1
Remote Deposit Capture	6	2	1	5	3	7	4
Overnight Sweep		1	4	3	2		
Debit/Credit Card Processing	5	4	2	6	1	7	3
Line of Credit		1	2	3			

After evaluating the proposals received, staff interviewed selected vendors regarding their proposals and performed reference checks.

Staff narrowed the proposals to three vendors for Mandatory Services and related Optional Services and two vendors for Lockbox Services. The total five-year service costs for the proposals considered are as follows:

	Bank of the West	F&M	JPMorgan/ Chase	RT Lawrence	Bank of America
Mandatory Services	\$101,524	\$218,155	\$174,615		
Lockbox				\$126,531	\$182,661
Remote Deposit Capture	\$12,144	\$27,600	\$23,616		
Debit/Credit Card Processing	\$22,032	\$38,054	\$26,268		
Line of Credit	\$0	\$0	\$0		
Total Cost-5 Year Contract	\$135,700	\$283,809	\$224,499	\$126,531	\$182,661

After reviewing the proposals and the results of the vendor interviews, staff believes it would be in the City's best interests to bundle the Mandatory Services, Remote Deposit Capture, Debit/Credit Card Processing and Line of Credit services with a single vendor. Staff is recommending that a contract for Mandatory Services and the Optional Services of Remote Deposit Capture, Debit/Credit Card Processing and Line of Credit be awarded to Bank of the West. Estimated costs for the five-year contract for the bundled services are \$135,700.

Staff recommends that Lockbox Services be awarded to Bank of America with a five-year cost estimated to be \$182,661.

Staff is recommending that Overnight Sweep Services not be awarded as this service did not fare well in the proposal process.

Total costs for banking services for the five-year contract period are estimated to be \$318,361 plus interchange fees associated with debit/credit card processing.

Mandatory Services

All five of the vendors proposing on Mandatory Services are capable of providing the services required by the City of Lodi.

Bank of the West was the top selection for Mandatory Services. Its proposal was the lowest cost proposal as well. Bank of the West has a local branch at the corner of Lodi Avenue and Church Street. This branch will be the local servicing branch. Bank of the West has a significant presence in the public agency market with over **440** public agency clients and more than \$1.1 billion of public agency deposits. Both Bauer Financial and Bankrate.com rate Bank of the West with three stars, on a five-star scale. Bank of the West has a "Satisfactory" Community Reinvestment Act rating.

Significant elements of the Bank of the West proposal include waiving FDIC charges for the term of the contract (potential savings of \$72,000 over the five-year term) and providing an Earnings Credit Rate floor of 0.85% for the term of the contract (City had requested a floor rate of 0.75%). Additionally, Bank of the West is offering a three-month service charge credit to the City and will accommodate the City's requirement for a separate collateral pool at no cost. References spoke very highly of the bank's customer service focus and simplicity of its technology.

Optional Services

Lockbox

Lockbox is a service whereby our customers mail their utility payments to a central location and the service provider processes the payments. We currently operate this service in-house with City staff. The City has aging equipment that will need significant upgrades or replacement in the very near future. The City is in the final year of vendor support for the current processing equipment. Replacement cost for the existing equipment is estimated to be a minimum of \$60,000 with ongoing annual maintenance costs exceeding \$10,000. Existing staff spends approximately four hours daily processing utility payments that are mailed to the City. Contracting out this process will relieve the City of a significant capital outlay as well as free customer service staff for other duties, such as working a customer service window, responding to customers over the phone or for back office reconciliation-type activities.

Staff recommends that Lockbox Services be awarded to Bank of America. The mailing address for our utility bills will be San Francisco, CA. The City will incur nominal one-time costs to reformat our billing stock and envelopes for the lockbox service. These costs will be offset by the savings associated with eliminating the current remittance processing equipment and maintenance agreement at the end of the 2011 calendar year. City cash flow will also be enhanced as the lockbox service will convert paper checks into electronic deposits. Electronic deposits clear through the banking system much faster and at a lower cost than paper checks.

While not the lowest-cost or highest-rated vendor proposing on these services, Bank of America presents a stable company with solid financials and appropriate levels of bonding and insurance to protect the City's interests. The lowest cost vendor for Lockbox Services, RT Lawrence, presents some challenges to the City regarding coverage for corporate malfeasance. RT Lawrence maintains a Crime Policy that covers up to \$500,000 for employee malfeasance. RT Lawrence does not carry a bond that would protect the City against corporate malfeasance. It is expected that the Lockbox operation will handle approximately \$200,000 of the City's money on a daily basis. Moreover, RT Lawrence's balance sheet does not reflect significant assets to meet any un-bonded claims. As such, staff is not recommending RT Lawrence for Lockbox Services. The proposal from Bank of America, the second-lowest cost proposal, is \$56,130 higher than RT Lawrence over the proposed five-year contract period.

Remote Deposit Capture

Remote Deposit Capture (RDC) is a banking service that allows for the conversion of a paper check into electronic media that can be passed through the banking system. RDC will speed up the deposit process by allowing electronic deposit of checks. Currently, checks received by the City are sent from outlying locations to Finance, processed by Finance and then sent by courier service to our bank for processing. This flow typically takes two or three days from the day the check is presented to City staff to the day it arrives at the bank. With RDC, checks presented at outlying locations and at Finance will be "deposited" electronically on the same day they are received. This will increase the City cash flow and reduce banking cost.

Staff is recommending that RDC services be awarded to Bank of the West, who is also recommended for award of Mandatory Services. Additionally, Bank of the West was also the highest ranked and lowest cost vendor for this service. While the City reserved the right to award these services independent of the award for Mandatory Services, the review committee believes that it is in the City's best interests to bundle RDC services with the Mandatory Services.

RDC services are billed monthly based upon the volume processed. Additionally, costs of the equipment can be billed as a one-time cost or as a monthly cost. Estimated costs for the five-year term of the agreement are \$12,144.

Debit/Credit Card Processing

The City accepts a variety of debit and credit card products as a way for our customers to pay for fees and services. Pricing for processing is currently under the "Tiered or Category" pricing structure. All vendors proposed that the City pay for such services on an "interchange plus" fee basis. Interchange fees are fees that are set by the card issuers and charged to the merchants who accept the cards. The intermediary processor adds a percentage on to the interchange fees to cover its processing costs. The intermediary processor may also add additional per transaction fees, if it so choose.

Staff is recommending that Debit/Credit Card Processing services be awarded to Elavon, the firm that partnered with Bank of the West for this service. The Elavon/Bank of the West proposal was the lowest cost proposal for this service. While the City reserved the right to award these services independent of the award for Mandatory Services, the review committee believes that it is in the City's best interests to bundle Debit/Credit Card Processing services with the Mandatory Services.

Key elements of the Elavon/Bank of the West proposal include the lowest rate of add-on percentage (10 basis points) and no per-transaction fees. By comparison, other vendors considered included up to a 19 basis point add-on rate and transaction fees up to \$0.07 per transaction. Debit/Credit Card Processing services are billed monthly. Estimated costs, excluding interchange fees, for the five-year term of the agreement are \$22,032.

Line of Credit

The City currently has a \$3 million line of credit to support working capital needs of the Electric Utility. This line of credit is provided at no cost to the City by our current bank. In the event the line of credit was drawn upon, the City would be required to secure the amount of the draw with a CD. Interest would be based upon the 30-day LIBOR rate plus 1.5 percent, with a minimum rate of 5.5 percent or a negotiated rate.

All respondents provided some form of facility with regard to a line of credit, however, most respondents conditioned the line of credit upon award of the Mandatory Services portion of the RFP. All respondents indicated that a line of credit would be subject to credit approval. Staff recommends that the City pursue a line of credit with Bank of the West, the vendor awarded the Mandatory Services. Staff will bring back to Council the actual line of credit for approval.

Overnight Sweep

An overnight sweep is an investment vehicle used to maximize interest earnings for idle City funds. City staff currently manages this type of a process manually by moving funds between accounts within our current bank or between our current bank and LAIF. A number of the vendors recommended that we not utilize a sweep account in the current interest rate environment. Staff concurs with this recommendation and is not recommending that we use a sweep account with any of the vendors. Staff will continue to maximize interest earnings with our current processes.

Summary

Staff evaluated all proposals on an equal basis and considered the impacts of moving our banking relationship away from our current provider. Staff recognizes the value of the long-term relationship we have enjoyed with Farmers and Merchants Bank and does not take lightly the recommendation to move to another vendor. However, our duty to be fiscally responsible stewards of the public funds, particularly in difficult economic times, guides our recommendation.

Awarding the contracts will begin a transition period between the awarded vendor and our current bank for the Mandatory Services and selected Optional Services. As we are not currently contracting for Lockbox Services, we will separately work with that vendor to transition the services from City-provided services to contracted services. All vendors were required to provide a conversion plan as part of their proposal. It is anticipated that conversion will be completed by July 1, 2011.

FISCAL IMPACT: The five-year combined cost of services recommended to be awarded is \$318,361. The recommendation includes adding Remote Deposit Capture and Lockbox services. Adding these additional services will allow existing staff to provide a higher level of customer service.

Current costs for Mandatory Services along with Debit/Credit Card Processing and a Line of Credit would be approximately \$499,750 for the next five years under our current operating model and does not include Remote Deposit Capture and Lockbox services. Projected savings by awarding the recommended contract for all services except Lockbox is \$364,050 over five years, as compared with our current provider, and includes the additional service of remote deposit capture.

FUNDING AVAILABLE: Annual appropriations will be included in each budget year to provide for the costs of banking services.



Jordan Ayers
Deputy City Manager

RESOLUTION NO. 2011-____

DRAFT

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER AND TREASURER
TO EXECUTE ALL AGREEMENTS NECESSARY TO
AWARD CONTRACTS TO BANK OF THE WEST FOR
GENERAL BANKING SERVICES AND TO BANK OF
AMERICA FOR LOCKBOX SERVICES

WHEREAS, the City issued a Request for Proposals for General Banking Services on February 3, 2011, and

WHEREAS, said Request for Proposals allowed vendors to propose separately on Mandatory and Optional Services, and

WHEREAS, the City received proposals from the following vendors for the services noted in the table below:

	Mandatory Services	Lockbox	Remote Deposit Capture	Overnight Sweep	Debit/ Credit Card Processing	Line of Credit
Bank of America	X	X	X			
Bank of Agriculture and Commerce	X	X	X	X	X	X
Bank of the West	X	X	X	X	X	X
Farmers and Merchants Bank	X		X	X	X	X
JPMorgan/ Chase	X	X	X	X	X	X
Process Pink			X		X	
RT Lawrence		X	X		X	

WHEREAS, a team of City staff evaluated all proposals and interviewed selected vendors and performed reference checks on selected vendors, and

WHEREAS, staff believes it is in the City's best interest to award the combination of Mandatory Services along with Remote Deposit Capture, Debit/Credit Card Processing (through their partner firm, Elavon) and Line of Credit services to Bank of the West, and

WHEREAS, staff believes it is in the City's best interest to award Lockbox Services to Bank of America, and

WHEREAS, staff believes it is not in the City's best interests to award Overnight Sweep services at this time.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi does hereby authorize the City Manager and Treasurer to execute all agreements necessary to award contracts to Bank of the West for General Banking Services (to include Mandatory Services, Remote Deposit Capture, Debit/Credit Card Processing (through their partner firm, Elavon), and Line of Credit Services as defined in the Request for Proposals) and to Bank of America for Lockbox Services.

Dated: May, 18, 2011

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I hereby certify that Resolution No. 201 ■-____ as passed and adopted by the City Council of the City of Lodi in a regular meeting held May, 18, 2011, by the following votes:

AYES: COUNCIL MEMBERS -

NOES: COUNCIL MEMBERS -

ABSENT: COUNCIL MEMBERS -

ABSTAIN: COUNCIL MEMBERS -

RANDI JOHL
City Clerk

2011-____



Banking Services Contracts

Lodi City Council
May 18, 2011





Existing Banking Services

- Provided By Farmers and Merchants Bank for approximately 60 years
 - Basic Services (deposits, checking, payroll, wire transfers)
 - Debit/Credit card processing through third party (Elavon)
 - Line of Credit
 - Annual Cost of about \$100,000



Request for Proposals

- City issued RFP in February 2011
- RFP included Mandatory Services and Optional Services
- Seven responses



Mandatory Services

- Deposits
- Checking
- Payroll
- Wire Transfers
- Special accounts for Liability, Workers Comp, PCE/TCE clean-up



Optional Services

- Lockbox
- Remote Deposit Capture
- Overnight Sweep
- Debit/Credit Card Processing
- Line of Credit



Mandatory Services Costs

■ Current annual cost	\$41,088
■ 5-year total cost	\$205,440
■ Proposed 5-year cost	
■ Bank of the West	\$101,524
■ JPMorgan/Chase	\$174,615
■ F&M	\$218,155



Lockbox

- Ideal for high volume services
 - Utility billing
- Currently handled in-house by City staff
 - Aging equipment
 - Time intensive
- Advantage to contracting out
 - Eliminate need to replace equipment
 - More efficient way of doing business with fewer staff



Lockbox Costs

- Service not currently provided
- Proposed 5-year cost
 - RT Lawrence \$126,531
 - Bank of America \$182,661



Remote Deposit Capture

- Converts paper checks to electronic media
- Speeds processing through the banking system
- Allows for electronic deposits from outlying locations
- Reduces dollar volumes turned over to courier service
- New service for the City of Lodi



Remote Deposit Capture Costs

- Service not currently provided
- Proposed 5-year cost
 - Bank of the West \$12,144
 - JPMorgan/Chase \$26,616
 - F&M \$27,600



Overnight Sweep

- Investment vehicle to maximize interest earnings
- Currently handled in-house manually
- Not recommended by most vendors due to low interest rate environment
 - City concurs and is not recommending this service



Debit/Credit Card Processing

- Applicable to cards received by the City for payment of services
- Moving from “Tiered or Category” pricing to “Interchange Plus” pricing
- Currently provided through a third party (Elavon) to F&M



Debit/Credit Card Processing Costs

■ Current annual cost	\$58,870
■ 5-year service cost	\$294,350
■ Proposed 5-year cost*	
■ Bank of the West (Elavon)	\$22,032
■ JPMorgan/Chase	\$26,268
■ F&M (Elavon)	\$38,054

*Plus interchange fees



Line of Credit

- \$3 million line of credit available for liquidity needs of Electric Utility
- Currently provided by F&M Bank at no cost
- Proposed to be provided by Bank of the West at no cost



Evaluation Process

- Team of City staff rated each proposal based upon common criteria
- Team selected 3 vendors to interview for Mandatory Services and Optional Services
- Team selected two additional vendors to review solely for Lockbox Services



Evaluation Results-Rankings

	Bank of America	Bank of Agriculture and Commerce	Bank of the West	Farmers and Merchants Bank	JP Morgan/ Chase	Process Pink	RT Lawrence
Mandatory Services	4	5	1	3	2		
Lockbox	3	4	2	*	5		1
Remote Deposit Capture	6	2	1	5	3	7	4
Overnight Sweep		1	4	3	2		
Debit/Credit Card Processing	5	4	2	6	1	7	3
Line of Credit		1	2	3			

*Bank did not initially submit a proposal for this item



Cost Summary

	Bank of the West	Farmers and Merchants	JPMorgan/ Chase	RT Lawrence	Bank of America
5 Year Total Cost					
Mandatory Services	\$101,524	\$218,155	\$174,615		
Lockbox				126,531	182,661
Remote Deposit Capture	12,144	27,600	23,616		
Overnight Sweep					
Debit/Credit Card Processing	22,032	38,054	26,268		
Line of Credit	0				
Total 5 year cost, excluding Lockbox	\$135,700	\$283,809	\$224,499		
5 year cost, Lockbox				\$126,531	\$182,661



Recommendations

- Bank of the West
 - Award Mandatory Services and the Optional Services of Remote Deposit Capture, Line of Credit and Debit/Credit Card Processing (to partner firm Elavon)
- Bank of America
 - Award Lockbox Services



Rationale-Mandatory Services

- Bank of the West offering significantly lower overall cost for the recommended services
- Significant public agency presence
- References spoke highly of the customer service focus and ease of using the banks' technology platform



Rationale-Lockbox

- Bank of America offers a solid product and appropriate levels of insurance coverage
- Highest rated vendor, RT Lawrence, did not have bonding to cover corporate malfeasance



Action Requested

- Adopt resolution authorizing City Manager and Treasurer to execute agreements necessary to award contracts to Bank of the West for General Banking Services (including Debit/Credit Card Processing to partner firm Elavon) and to Bank of America for Lockbox Services



Questions?



KEN SMITH
Executive Vice President
Head of Business Markets

August 27, 2010

Jordan Ayers
Deputy City Manager
City of Lodi
310 W. El Street
Lodi, CA 95240

Dear Jordan:

We are pleased to provide you with Agreements for the following cash management services between the City of **Lodi**, a municipal corporation of the State of California (City) and Farmers and Merchants Bank of Central California (Bank).

1. Online Banking for Business Agreement
2. ACH Agreement
3. Wire Transfer Agreement
4. Positive Pay Agreement
5. Contract for Deposit of Moneys

Services described in the above Agreements are provided to the City for a period of Five (5) years from the date of the execution of the above referenced Agreements unless the Agreements are otherwise extended or modified. The City shall have the right to extend the Agreements for 3 additional one year terms.

The cost of services provided under the above referenced Agreements shall be fixed for a period of five years from the date of execution at the rate described in the attached pricing addendum. You will be provided with a monthly Analysis Statements detailing the City's monthly activity, associated charges and the earnings allowance. If the monthly charges exceed your monthly earnings allowance the City's general account will be charged 10 days after the month end.

All services not covered in the above referenced Agreements are fully described and subject to the terms and conditions outlined in the Customer Agreement and Schedule of Charges which you have been provided.

As you know we consider it to be a privilege to be able to provide banking services to the City of Lodi. We believe that our long relationship has been a great benefit to both of us and has helped build this great community.

Thank you again for your business and **look** forward to our continuing relationship.

Sincerely

A handwritten signature in black ink, reading "Ken Smith". The signature is written in a cursive style, with the first name "Ken" and the last name "Smith" clearly legible.

City of Lodi Exception Pricing

CUSTOMIZED PRICING FOR CITY OF LODI	
Service Provided	Unit Price
Account Maintenance	15.00
FDIC Insurance Charge	3% 30/365 basis
Checks Paid	0.10
Deposits	0.90
Deposit Adjustments	5.00
Charge Back	8.00
Local Items Deposited	0.05
Transit Items Deposited	0.05
Remote Deposit Capture Items Deposited	0.03
Non Sufficient Funds - NSF	32.00
ACH Debits/Credits	0.00
Currency Furnished - Per \$1	.0012
Currency/Coin Deposited - Per \$1	.0012
Telephone Transfer	0.00
Incoming Domestic/International Wire	10.00
Outgoing Domestic Wire	10.00
Outgoing International Wire	50.00
Stop Payments	25.00
Positive Pay	50.00
Positive Pay Exception	1.00
Account Reconciliation	50.00
Business Online Banking	0.00
Business Online Banking w/ ACH or Wires	20.00
Business Online Banking w/ ACH & Wires	20.00
Business Bill Pay (waived with \$10k ADB)	9.95
ACH Origination Debits/Credits	0.10
Remote Deposit Capture	75.00

- Highlighted items are exception priced



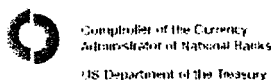
City of Lodi
Actual 2010 Account Analysis and Proposed Charges

Estimated Summary of Bank Services						
Service Provided	Monthly Quantity	Unit Price	2010 Actual Analysis Charges	Monthly RFP Quantity	RFP New Charges	Annual New Charges
Account Maintenance	7	15.00	1,260.00	5	\$ 15.00	\$ 900.00
FDIC Insurance Charge	1	3604.79	3,604.79	1	\$ 3,604.79	
Debits	1350	0.15	2,430.00	1,455	\$ 0.10	\$ 1,746.00
Deposits	79	0.90	853.20	83	\$ 0.90	\$ 896.40
On Us Items Deposited	2751	0.05	1,650.60	2,295	\$ 0.05	\$ 1,377.00
Local Items Deposited	8930	0.05	5,358.00	9,721	\$ 0.05	\$ 5,832.60
Transit Items Deposited	1987	0.05	1,192.20	2,183	\$ 0.05	\$ 1,309.80
Incoming Wire	1	10.00	120.00	1	\$ 10.00	\$ 120.00
Outgoing Wire Transfer	11	10.00	1,320.00	11	\$ 15.00	\$ 1,980.00
Currency Deposited \$1.20/\$1000	678	1.20	9,763.20	705	\$ 0.90	\$ 7,614.00
Non Standard Coin Bag	88	7.00	7,392.00	90	\$ 7.00	\$ 7,560.00
Positive Pay Service Fee	1	50.00	600.00	1	\$ 50.00	\$ 600.00
ACH Module	1	20.00	240.00	1	\$ 20.00	\$ 240.00
ACH Origination Debits/Credits	2062	0.10	2,474.40	2,180	\$ 0.10	\$ 2,616.00
ACH Debits/Credits				1,814	\$ 0.10	\$ 2,176.80
Safekeeping				1	\$ 100.00	\$ 1,200.00
Account Reconciliation				1	\$ 50.00	\$ 600.00
Deposit Adjustments				2	\$ 5.00	\$ 120.00
Stop Payment				2	\$ 20.00	\$ 480.00
Positive Pay Exceptions				8	\$ 0.50	\$ 48.00
Account Recon Add'l Account				1	\$ 30.00	\$ 360.00
Chargeback				34	\$ 8.00	\$ 3,264.00
Annualized Analysis Summary						
Total 2010 Gross Analysis Charges			\$ 38,258.39			\$ 41,040.60
Net Analysis Charges for 2010			\$ 4,099.45			
Elavon Merchant Processing			\$ 57,892.00			
Total Bank Charges 2010			\$ 61,991.45			

Balance Summary for 2010:	
Average Collected Balance Group Analysis	\$ 3,871,516.37
Average Collected Balance Money Market Accounts	\$ 11,888,150.23
Earnings Allowance Rate	0.75%



	Scenario #1	Scenario #2	Scenario #3	
	Combined Account	Combined Account	Checking Account	Money Market Account
Average Collected Balances	\$ 15,759,666.00	\$ 15,759,666.00	\$ 7,879,833.00	\$ 7,879,833.10
Earnings Credit Rate Allowance/Interest Rate	0.75%	0.75%	0.75%	
Earnings	\$ 118,197.50	\$ 118,197.50	\$ 59,098.75	
Cost of Services	\$ 43,470.64	\$ 43,470.64	\$ 43,470.64	
Excess Earnings	\$ 74,726.86	\$ 74,726.86	\$ 15,628.11	
		.55% on \$9,963.581		0.55%
Interest Earned		\$ 54,799.70		\$ 43,339.08
	*No interest paid on excess	*Hybrid offering interest on excess earnings	*Separate accounts no earnings on excess in Checking Account	



Office of the Comptroller of the Currency

Ensuring a Safe and Sound National Banking System for all Americans.

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Enforcement Actions

The following financial institutions, organizations, or affiliated parties have been the subject of OCC enforcement actions.

Selection criteria: Bank Action * None individual Action - **All** From **Month/Year - 01/1987** To **Month/Year - 12/2011** IAP's Name- (Blank) Bank Name * Bank of America NA Company Name - (Blank) EA Number - (Blank) Docket Number - (Blank) Bank City - (Blank) **State/Terr - All**

[New Search](#)

Row	Party Subject to Action (Name, Company Name, Bank Name)	Organization / Location	Action Type And Amount	Start Date And EA Number	Term Date And TermDoc	Docket Number
1	Arias, Norma, Bank of America National Trust and Savings Association	San Francisco, CA	1a29	10/2/1996		
2	Arroyo, Gabriela M., Bank Of America Na	Charlotte, NC	1a29	6/12/2001		
3	DeArruda, Denise, Bank of America National Trust and Savings Association	San Francisco, CA	1a29	7/30/1997		
4	Del Aguila, Mark, Bank of America National Trust and Savings Association	San Francisco, CA	1a29	6/12/1996		
5	Faulkner, Lynne, Bank of America National Trust and Savings Association	San Francisco, CA	1a29	12/11/1996		
6	Ford, Ginger A., Bank of America National Trust and Savings Association	San Francisco, CA	1a29	3/12/2003 N/A		
7	Gonzalez, Steven D., Bank Of America National Trust And Savings Association	San Francisco, CA	1829	5/19/2000		
8	Maloney, Maureen, Bank of America National Trust and Savings Association	San Francisco, CA	1829	8/12/1996		
9	Mark, Jason, Bank of America National Trust and Savings Association	San Francisco, CA	1a29	3/11/1997		
10	McRoyal, Shonn, Bank Of America National Trust & Savings Association	San Francisco, CA	REM	11/8/1997 97-86		
11	Panlilio, Jairoski, Bank of America National Trust and Savings Association	San Francisco, CA	1829	2/23/1996		
12	Sta-Iglesia, Charlynn, Bank of America National Trust and Savings Association	San Francisco, CA	1829	11/19/1996		
13	Thornton, La'Qual Mela, Bank of America National Trust and Savings Association	San Francisco, CA	1a29	4/23/1997		
14	Villanueva, William G., Bank Of America National Trust And Savings Associatio	San Francisco, CA	REM	3/28/2000 2000-41		

[New Search](#)

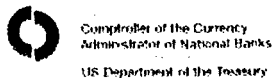
This list reflects the most recent name of banking organizations; the most recent names may or may not be the banking organizations' names when the enforcement documents became final.

"Closed" denotes documents for banking organizations without active charters.

* Denotes an exception to the enforcement action. For example, 1829 "Removals" do not have associated document numbers. Please contact the Communications Division at (202) 874-4700 for further information about the exception.

These lists are NOT guaranteed to be comprehensive.

The Office of the Comptroller of the Currency expressly disclaims any responsibility for the acts of any individual or entity subject to an enforcement action, whether or not that individual or entity appears on these lists.



Office of the Comptroller of the Currency

Ensuring a Safe and Sound National Banking System for all Americans.

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EnforcementActions

The following financial institutions, organizations, or affiliated parties have been the subject of OCC enforcement actions.

Selection criteria: Bank Action - **All** Individual Action - None From **Month/Year - Of 1987** To **Month/Year - 12/2011** IAP's Name- (Blank) Bank Name- Bank of America Company Name - (Blank) EA Number - (Blank) Docket Number - (Blank) Bank City - (Blank) **State/Terr - All**

New Search

Row	Party Subject to Action (Name, Company Name, Bank Name)	Organization/ Location	Action Type And Amount	Start Date And EA Number	Term Date And TermDoc	Docket Number
1	Bank Of America Nw, National Association	Seattle, WA	BCMP \$75,000	6/15/1994 94-103		
2	Bank of America, National Association	Charlotte, NC	C&D	4/13/2011 2011-048		AA-EC-11-12
3	Bank of America, National Association	Charlotte, NC	FA	2/9/2005 2005-10	2/27/2007 2007-012	AA-EC-04-35
4	Bank of America, National Association	Charlotte, NC	FA	12/7/2010 2010-239		
5	Bank Of America, National Trust And Savings Association	San Francisco, CA	BCMP \$100,000	1/15/1992 974		
6	Bank Of America, Nt & Sa	San Francisco, CA	SEB	1/14/1992 974	1/31/1997 97-10	AA-SCP-92-04

New Search

This list reflects the most recent name of banking organizations; the most recent names may or may not be the banking organizations' names when the enforcement documents became final.

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Each depositor insured to at least \$250,000 per insured bank

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Note: These lists are NOT guaranteed to be comprehensive. The list reflects the names of the banking organizations when the enforcement documents became final.

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Category: All
 Action: All
 State: All
 Year of Action: All

	Party subject to action				Action taken	
	Issue mm/dd/yyyy)	Termination (mm/dd/yyyy)	Banking organization	Individual	Enforcement action	Document & Docket Number(s)
1	'312010		BANK OF THE WEST SAN FRANCISCO, CALIFORNIA		ORDER TO PAY	<u>¶ 2010-05-35</u> FDIC-10-253k
2	3/6/2009		BANK OF THE WEST; FARMERS TRUST & SAVINGS BANK SAN FRANCISCO; EARLING, CALIFORNIA; IOWA		NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION, NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, FINDINGS OF FACT AND CONCLUSIONS OF LAW, ORDER TO PAY, AND NOTICE OF HEARING	<u>2009-10-85</u> FDIC-09-396e FDIC-09-397k
3	/1712010		BANK OF THE WEST (FORMERLY COMMERCIAL FEDERAL BANK, OMAHA, NE) AND FARMERS TRUST SAVINGS BANK, EARLING, IA SAN FRANCISCO, CALIFORNIA	KENNETH D. WAITE SAN FRANCISCO, CALIFORNIA	ORDER TO PAY, ORDER OF PROHIBITION FROM FURTHER PARTICIPATION	<u>¶ 2010-02-38</u> FDIC-09-396e FDIC-09-397k
4	/22/2010		BANK OF THE WEST, THE THOMAS, OKLAHOMA		ORDER TO PAY	<u>¶ 2010-02-48</u> FDIC-09-429k
			BANK OF THE	SEMIDIESEL		

5	3/1/2008	SAN FRANCISCO, CALIFORNIA		CALIFORNIA	FURTHER PARTICIPATION	FDIC-08-044e
	Action date	Party subject to action		Action taken		
	Issue (mm/dd/yy)	Termination (mm/dd/yy)	Banking organization	Individual	Enforcement action	Document & Docket Number(s)
6	7/16/2009		BANK OF THE WEST SAN FRANCISCO, CALIFORNIA	CASSIDY JANOSKY SAN FRANCISCO, CALIFORNIA	ORDER OF PROHIBITION FROM FURTHER PARTICIPATION	¶ 2009-07-24 FDIC-08-134e
7	10/22/1991		BANK OF THE WEST PARKER, COLORADO		ORDER WITHDRAWING NOTICE OF CHARGES AND OF HEARING	¶ 15352 FDIC-91-197b
8	11/25/1991		BANK OF THE WEST PARKER, COLORADO		ORDER TERMINATING SECTION 8(A) PROCEEDING	¶ 15369 FDIC-91-199a
9	6/15/2010		BANK OF THE SAN FRANCISCO, CALIFORNIA	DONICE MEDINA SAN FRANCISCO, CALIFORNIA	ORDER OF FROM FURTHER PARTICIPATION	FDIC-10-075e
10	5/20/2008		BANK OF THE WEST SAN FRANCISCO, CALIFORNIA	ANITA R. LUONG SAN FRANCISCO, CALIFORNIA	ORDER OF PROHIBITION FROM FURTHER PARTICIPATION	¶ 2008-05-05 FDIC-07-202e
	Action date	Party subject to action		Action taken		
	Issue (mm/dd/yy)	Termination (mm/dd/yy)	Banking organization	Individual	Enforcement action	Document & Docket Number(s)
11	12/10/1998		BANK OF THE WEST WALNUT CREEK, CALIFORNIA		ORDER TO PAY CIVIL MONEY PENALTY	¶ 11575 FDIC-98-102k
12	6/5/2006		BANK OF THE WEST SAN FRANCISCO, CALIFORNIA	KEVIN J. DAVIS SAN FRANCISCO, CALIFORNIA	ORDER OF PROHIBITION FROM FURTHER PARTICIPATION	¶ 12604 FDIC-06-097e

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**KEY POINTS FOR THE CITY COUNCIL'S CONSIDERATION
FOR MAINTAINING A BANKING RELATIONSHIP WITH F&M BANK**

1. F&M Bank has maintained a strong banking relationship with the City of Lodi for over 60 years.
2. The Bank's local Executive Management Team quickly responded to the City's need for a \$3,000,000 Line of Credit to help protect its credit rating, with no origination or renewal fees.
3. The Bank committed to pricing for a period of 5 years in August 2010, with individual contracts in place for all services.
4. The City of Lodi's net charges were only \$4,099.45 in Calendar 2010.
5. The City was able to use their Money Market Balances in their Account Analysis to offset service charges.
6. The Bank paid the City of Lodi \$47,938.95 in interest on their Money Market accounts, at an above market rate.
7. We believe that errors have been made in the calculation of the historical and proposed service charges. For example: A savings of \$72,000 was estimated on FDIC Insurance from Bank of the West. The total FDIC charges in 2010 were only \$3,600/yr or \$18,000 over a five year period.
8. The Bank remains committed to the citizens and City of Lodi as demonstrated through our
 - a. employment of over 200 individuals in the city of Lodi;
 - b. and support, in both dollars and time, of community events and human care programs;
 - c. annual purchases of over \$4 Million from local merchants.
 - d. The majority of our shareholders live in the area and have received annual cash dividends totaling \$40.6 Million over the past 5 years.